

## ***The Baltimore Sun***

### **Weak economy, court challenge threaten legal services' funding**

*Advocates turning to state for financial assistance*

**Andrea F. Siegel**

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The main funding source for Maryland's legal services to the poor has fallen on hard times, and advocates are preparing to seek unprecedented state financial help - even as they keep an eye on a legal challenge that threatens to cut off a main source of funding for such services nationwide.

The Maryland Legal Services Corp. - which supports 28 organizations providing legal help to those with cases involving domestic abuse, landlord-tenant disputes and other issues - faces a \$1 million budget shortfall because of slack interest on the accounts that help fund it.

The state's chief judge is seeking a \$1.2 million subsidy to close the gap in the organization's \$7 million annual budget, and advocates are planning a strong push in the General Assembly.

"You can bet we will be doing every kind of lobbying we can do for our funding," said Wilhelm H. Joseph Jr., executive director of the Maryland Legal Aid Bureau, the largest provider of legal help to the poor. The bureau receives \$3.4 million of its \$15 million budget from the Maryland Legal Services Corp., which was established by the General Assembly in 1982.

Chief Judge Robert M. Bell said his budget request is intended "to maintain the same level of services that we have had in the last several years in terms of access to justice" for the needy.

The timing is awful, advocates concede, as the state legislature weighs what to do about an expected \$1.2 billion state budget shortfall.

Complicating the picture is a case pending before the U.S. Supreme Court from Washington state that challenges the mechanism every state uses as a mainstay of legal-services funding.

At issue is an arrangement that skims interest from short-term trust accounts that lawyers hold on behalf of their clients and funnels it to legal-services groups.

By law, the interest must be too small to be worthwhile for banks to process for individual account holders.

## **IOLTA challenged**

Until interest rates plummeted, this mechanism (known as IOLTA, or Interest On Lawyer Trust Accounts) pumped up to \$4 million a year into Maryland legal services and about \$160 million into such services nationwide.

But last month, the high court heard a constitutional challenge claiming that the government takes the interest without just compensation to clients. A ruling is expected by June.

Even if the funding mechanism is upheld, legal-services groups will be hard-pressed to meet their needs because of low interest rates, according to the American Bar Association.

In the fiscal year that ended in June, IOLTA revenue in Maryland was \$3.8 million - down from \$4.2 million two years ago and \$5.2 million in the heyday of high interest rates. That led to cuts this year of up to 20 percent to 18 legal-services groups, despite emergency infusions of cash.

"Under the best-case scenario - if IOLTA is upheld - we are projecting a \$1.2 million shortfall," said Robert J. Rhudy, executive director of the MLSC. "The critical need for legal aid has gone up because of the recession."

He said that without more state help, the MLSC will cut grants by up to 25 percent next year. That would force groups to drop some advocacy work and thus serve fewer people.

As it is, advocates say the 110,000 Marylanders they reach probably are no more than 20 percent of those in need.

The \$65,000 going to the Women's Law Center, for example, funds two days a week of a statewide hot line, counseling 2,600 needy women last year -so many that callers say it can be hard to get through.

Callers include those who have been abandoned without access to family money, those not receiving court-ordered child support and those who want to leave their husbands but are unsure about their legal rights.

In the event of a funding cut, "there is no way we would be able to pick it up," said L. Tracy Brown, executive director of the center.

J. Peter Sabonis Jr., executive director of the Homeless Persons Representation Project in Baltimore, which took a 10 percent cut last year, will reduce outreach if more funds disappear.

"That means, for us, we won't have a presence out in front of a welfare office, we won't

be out there on the day laborers' line at 4:30 in the morning, we won't have a lawyer at a soup kitchen," Sabonis said.

Shelly Norman, 30, got her legal aid from Sabonis' group.

After a drug conviction kept her out of subsidized housing, the group intervened and got her housing - along with a court hearing that changed her conviction to a misdemeanor with probation before judgment. She is about to return to court for a hearing to clear her record.

Meantime, she has graduated from Coppin State College, works as a drug and alcohol counselor, left subsidized housing and plans to start work on a master's degree this year.

"They've helped me so much, my life has truly turned around," she said.

Other programs focus on battered women and children, the disabled, day laborers, community improvement groups and crime victims.

### **Lobbying campaign**

To help ensure that such services continue, the Maryland State Bar Association and other advocates are lobbying legislators to explain how legal services help constituents in every district. For the first time, and at the judiciary's request, Rhudy has sent every new legislator an orientation package about legal help for the poor.

Though optimistic, advocates know that getting \$1.2 million from the state is an uphill fight.

"Everyone else ... is looking for more funding in a year when there is a \$1 billion shortfall," said House Speaker Michael E. Busch, an Anne Arundel County Democrat.

"Everybody has taken a big hit," said Senate President Thomas V. Mike Miller, a Prince George's County Democrat. "I do believe the legislators will look askance at new issues."

A spokesman for Gov.-elect Robert L. Ehrlich Jr. said the incoming administration could make no funding promises.

Advocates are looking at other ways to generate money.

A letter-writing campaign asks every lawyer in Maryland to donate "at least the dollar value of one billable hour" - typically a couple of hundred dollars - to the Legal Aid Bureau.

### **Check, in lieu of work**

Starting next month, lawyers must report to the courts how much free or low-fee legal

work they do for the poor and charities, with a goal of 50 hours a year.

Though many lawyers provide such services, they are also being urged to write a check to a legal-services organization in lieu of the hours.

Advocates also might borrow ideas from other states. Tennessee has a surcharge on speeding tickets, Ohio assesses an annual lawyer registration fee, and Texas uses dollars from its Crime Victims Compensation Fund for such programs.

Maryland has a surcharge on court filing fees that goes to legal services for the needy.